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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 6, 2008

Mr. Chris Kaiser, Principal Advisor
Environmental Operations Support
Kennecott Utah Copper Corporation
P.O. Box 6001
Magna, Utah 84044-6001

Subject: Surface Drilling Activities Approval, Kennecott Utah Copper Corporation, Bingham Pit, M/035/002, Task ID# 2373, Salt Lake County, Utah

Dear Mr. Kaiser:

The Division has received the outline of the drilling campaign located within permit M/035/002 and permits you to proceed with this activity to search and evaluate the mineral resource for economic development.

Your April 30, 2008 cover letter states a status update will occur by November 30 2009, however there is no need to provide the Division with an update, as the 2003 Groundwater Management Plan should be updated as drilling program events and activities change. The plan narrative commits to ensuring the Division is notified and the plan is updated as necessary.

As part of that effort, as holes are completed, please complete and submit form titled "Drill Hole Abandonment Form" located at:
https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-EXP-Drill.pdf . The information provided on the form is not all-inclusive, so please supplement it with the necessary narrative.

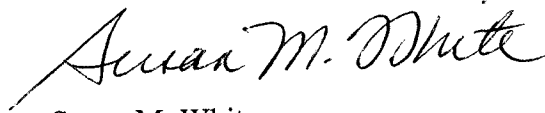
The 2009 annual report should contain progress information regarding this project. Please ensure status information is contained within that report.

Enclosed is one approved copy of the Surface Drilling Activity Project for your insertion into the 2003 Groundwater Management Plan.

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Chris Kaiser
M0350002'
May 6, 2008

If you have any questions concerning this approval or a related matter, please contact Ms. Beth Ericksen at (801) 538- 5318 or myself at (801) 538-5258.

Sincerely,



Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:BE:pb

Enc: Blank Drill Hole Abandonment Form
Drilling Activity Plan dated April 30, 2008 stamped 'Approved'

cc: Beth Ericksen

Chris Kaiser kaiserc@kennebecott.com

Rohan McGowan-Jackson jacksor1@riotinto.com

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APPENDIX G – PROPOSED EXPLORATION ACTIVITIES

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2008 Drilling Program -- Permit # M/035/002 (Bingham Canyon Mine) Kennecott is planning a drill program located on Kennecott Utah Copper land within the permit boundary for UDOGM Permit # M/035/002. This document includes a general locations map (Map 1 Butterfield Canyon Drill Plan Access), an operations map (Map 2 Kennecott Exploration Butterfield Canyon Drill Plan), and a list of possible drill sites for the planned drill program (Table 1). The drilling, drill pad construction, and drill road access work will be within Salt Lake County, Utah.

Timing of the drill program is expected to start up approximately May 7, 2008 and run to the end of 2008, with closure or amendment to this plan to occur before April 31, 2009.

Access to the area will be from two general directions, either from State Road 111 to the Bingham pit, or from State Road 111 to the Butterfield Canyon road, then onto Kennecott private access (Map 1). Access to the sites through the Butterfield Canyon road will require gate keys to enter the side roads onto Kennecott land. There are no drill sites proposed that fall on any public access roads.

The drill plan is intended to start with 3 high priority drill sites (A,B,C), followed by additional drilling at other proposed sites (D-N) based upon findings from our previous drilling and ongoing recon work in the area. It is intended that only 6 to 9 drill sites will be occupied by this season's drill campaign, however there are multiple options included on the map due to uncertainty as to which sites will need to be drilled. While it is possible that only sites A, B, and C are drilled this season, it is expected that at least some of the secondary holes will also be tested this year. Once the Stage 1 holes have been completed and additional holes are planned, a revised schedule will be submitted and updated if necessary.

All of the drilling in the proposed plan is located on pre-existing roads, some of which will need some improvement. All roads in red (Map 2) are pre-existing and can be traveled on with minimal road work. All roads noted in orange (Map 2) are existing roads that will need improvement, probably bulldozer work to widen the pre-existing tracks, in order to access the drill sites B and F. The total length of road for improvement is 4800' in length, which will need approximately 10' of widening (to 18' wide), up to 1.10 acres. In the event that secondary sites are to be accessed, there are some improved roads (as Yellow on Map 2) that will need some improvement, but only if the drill sites along those roads are to be used. In some cases, the roads marked in yellow will only have to have minor refurbishing; others may need to have bulldozer work. It is the intent of the exploration program to best utilize drill site locations that both are local to the intended targets and have the least amount of road work needed to access the site so as to keep the overall surface disturbance to a minimum. Improved roads will be bermed on the down-slope side for safety.

The size of the drill sites is estimated to be 100' x 100'. However efforts will be made to locate sites within previously disturbed areas such as roads and old drill sites whenever possible and keep the site size and disturbance to a minimum. Sumps for drill hole fluid return will be of appropriate size to handle the expected return, and will be bermed on the

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ensure no people or animals can enter the sump area. If up to nine sites are constructed, the maximum total acreage disturbance by drill sites is expected to be 2.06 acres. A vehicle turnaround may be built near some of the sites to accommodate safe turning of vehicles and water trucks. The turnaround is expected to be less than 50' x 50', and will not be necessary at all of the sites.

The drill holes will be cased with 4" diameter drill pipe to 100', and drilling H (3 1/16") diameter core until either completion of the hole or reduced to N (2 3/8") if necessary to continue the hole. All holes are planned to go at least 1000m (3000'), and some are expected to go as deep as 1500m (4500').

Drill holes will be abandoned upon completion of the drill hole and will be plugged according to specifications listed in R647-2-108. Drill holes will be plugged with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination. If there is a need for drill holes to be left open, we will apply for a variance for that action; however that is not intended at this time.

Roads and drill pads will be reclaimed when it is determined access to the site is no longer needed. Surface soils will be salvaged and appropriately stockpiled for redistribution over the site during reclamation. Disturbed areas will be reseeded with Division recommended species. Reclamation will be in accordance to rules R647-2-107, 108, and 109. Total amount of disturbed area is estimated to be less than 4 acres.

In the event changes are needed to the plan for either drill hole location and / or road work, the attached maps and/or spreadsheet will be updated and DOGM notified. It is the intent of this letter to outline our current plan for drilling, but this could be subject to change if drill results and surface exploration warrant additional work.

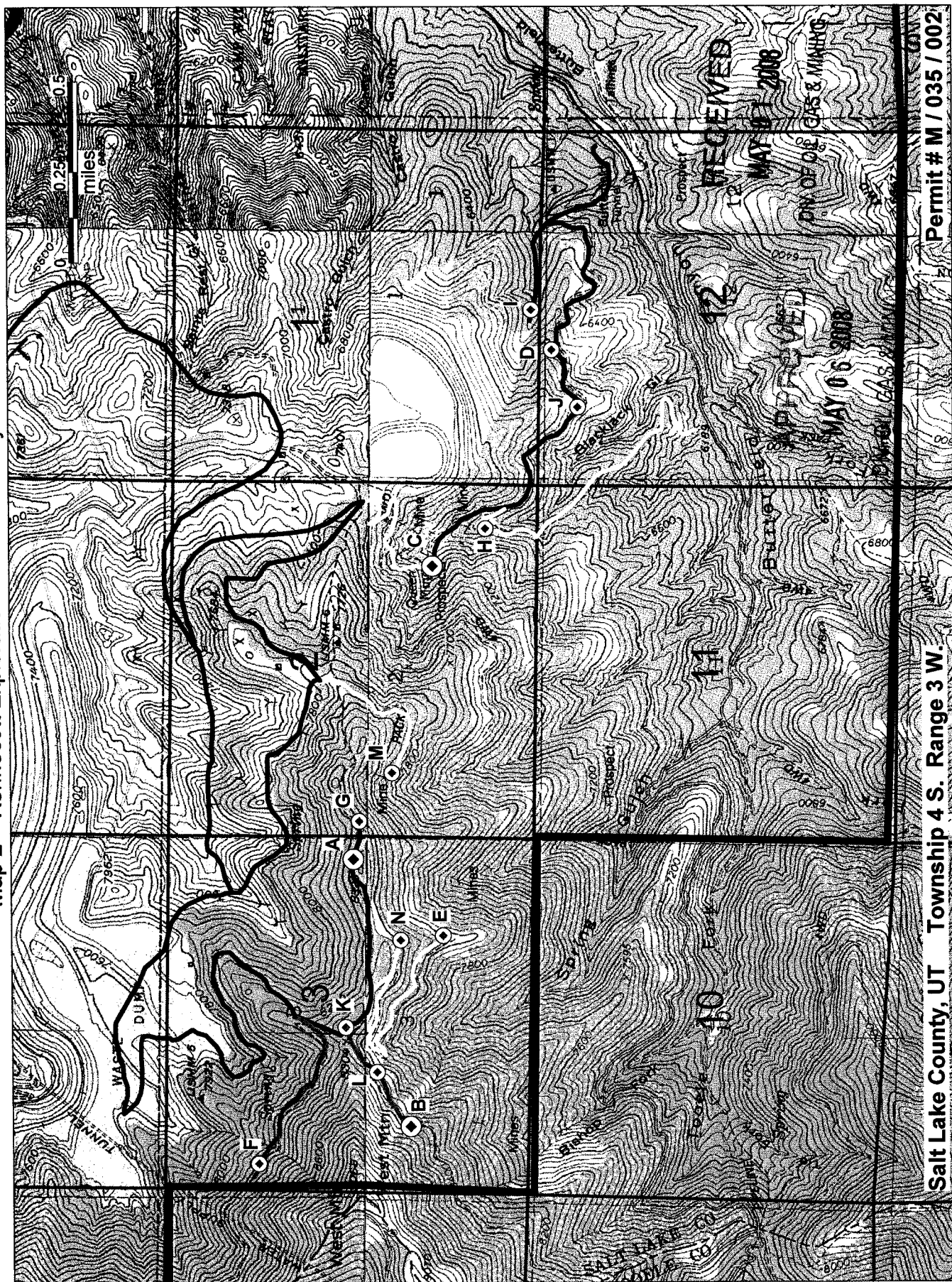
Kennecott has a Health, Safety, Environment, and Community (HSEC) Management Plan that has been instituted for the Butterfield Canyon project, and all personnel working on the site will undergo a project specific HSEC induction to review our operation, procedures, and risks associated with the project. An emergency response plan has been developed for the project and everyone working on the site will be aware of the plan. Kennecott Exploration has ISO-14001 Environmental Management Certification. The exploration site will be kept in a safe, clean, and environmentally stable condition. Toxic and/or hazardous materials, if required, will be managed appropriately pursuant to Kennecott operating practices and trash will be disposed of on a daily basis. Drill site sumps will be enclosed with snow fencing until reclamation proceeds and signed as confined spaces to keep people out of the sump.

Contact Information: The Kennecott points of contact for the drilling program is Duane Olson (Cell phone (801-554-9925); Office (801-204-3408), or Joey Wilkins (Cell phone (520-440-4000); Office (801-363-5868).

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Map 2 Kennecott Exploration Butterfield Canyon Drill Plan

1" = 2000'



Salt Lake County, UT Township 4 S. Range 3 W.

Permit # M / 035 / 002

- Access Road - Pre-existing
- Improved roads
- Improved roads, low priority

- Existing Permit Boundary
- Proposed Drill site - High Priority (A-C)
- Proposed Drill site - Secondary (D-N)

April 28, 2008

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Table 1: Proposed Drill Site Dimensions

Proposed Site	Stage	Depth	Timeframe	Dimension	Acreage	Actual Disturbed Acreage
A	1	1000-1500m	May-June 08	100' X 100'	0.23	
B	1	1000-1500m	June-August 08	100' X 100'	0.23	
C	1	1000-1500m	June-August 08	100' X 100'	0.23	
D	2	1000-1500m	August-November 08	100' X 100'	0.23	
E	2	1000-1500m	August-November 08	100' X 100'	0.23	
F	2	1000-1500m	August-November 08	100' X 100'	0.23	
G	2	1000-1500m	August-November 08	100' X 100'	0.23	
H	2	1000-1500m	August-November 08	100' X 100'	0.23	
I	2	1000-1500m	August-November 08	100' X 100'	0.23	
J	2	1000-1500m	August-November 08	100' X 100'	0.23	
K	2	1000-1500m	August-November 08	100' X 100'	0.23	
L	2	1000-1500m	August-November 08	100' X 100'	0.23	
M	2	1000-1500m	August-November 08	100' X 100'	0.23	
N	2	1000-1500m	August-November 08	100' X 100'	0.23	

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Permit # M / 035 / 002

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Permit #:E/ /
Project Name:

Drill Hole Abandonment Report for Bond Release

Drill Hole Number (corresponding to permit map):
Drill Hole Location (UTM's): Please include Datum and GPS unit used
Date of Abandonment:
Drill Hole Abandonment Details: (Please include a description of drill hole completion (depth of hole, etc.), any problems encountered, amount of casing removed, type of abandonment completed, and any other pertinent information)

Depth (feet) Abandonment Material Details

Depth (feet)		Abandonment Material	Quantity (e.g., cubic yards, #'s)	Grout Weight (lbs/gal, #bag mix, gal/sack)
From	To			

Complete this portion if Water Encountered

Drill Hole Number (Corresponding to permit map)	Depth to water Strata	Name of Formation	Rate of water flow (GPM)	Estimated water quality

A Professional Registered Geologist in the State of Utah or a Certified Professional Geologist with the AIPG or an officer of the company registered to do business in the State of Utah must sign this form.

I certify that the reported information, statements, and/or documentation on this form are true and correct to the best of my knowledge and belief.

Name _____ PRG License No. _____
Signature _____ Date _____